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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Report of the Fifth Committee

Rapporteur: Mr. Peter MADDENS (Belgium)

1. At its 3rd plenary meeting, on 22 September 1995, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fiftieth session the item entitled "Financial reports and audited financial statements, and reports of the Board of Auditors", and to allocate it to the Fifth Committee.

2. For its consideration of the item, the Fifth Committee had before it the following documents:

(a) United Nations Institute for Training and Research. Financial report and audited financial statements for the year ended 31 December 1994 and report of the Board of Auditors (A/50/5/Add.4);

(b) Voluntary funds administered by the United Nations High Commissioner for Refugees. Audited financial statements for the year ended 31 December 1994 and report of the Board of Auditors (A/50/5/Add.5);

(c) Report of the Board of Auditors on the liquidation audit of the United Nations Transitional Authority in Cambodia (A/50/943);

(d) Concise summary of principal findings, conclusions and recommendations of the Board of Auditors contained in the reports on the audit of the accounts for the financial period ended 31 December 1994 (A/50/327);

(e) Report by the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/50/704 and Add.1);

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(f) Note by the Secretary-General on the implications of extending the term of office of members of the Board of Auditors (A/49/368);

(g) Report of the Advisory Committee on Administrative and Budgetary Questions (A/50/560).

3. The Fifth Committee considered the item at its 21st, 25th, 27th and 44th meetings, on 6, 8, 14 November and 21 December 1995, respectively. Statements and observations made in the course of the Committee's consideration of the item and the replies to queries raised are reflected in the relevant summary records (A/C.5/50/SR.21, 25, 27 and 44).

4. At the 44th meeting, on 21 December 1995, the Vice-Chairman of the Committee, following informal consultations, introduced a draft resolution (A/C.5/50/L.20) and made a statement.

5. At the same meeting, the Committee adopted draft resolution A/C.5/50/L.20 without a vote (see para. 6).

RECOMMENDATION OF THE FIFTH COMMITTEE

6. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Financial reports and audited financial statements, and reports of the Board of Auditors

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The General Assembly,

Having considered, for the year ended 31 December 1994, the financial report and audited financial statements of and the report of the Board of Auditors on the United Nations Institute for Training and Research, 1/ the audited financial statements of and the report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees, 2/ the report on measures taken or to be taken by the United Nations High Commissioner for Refugees in response to the recommendations of the Board of Auditors, 3/ the concise summary of the principal findings, conclusions and recommendations of the Board, 4/ as well as the report on the liquidation

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1/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 5D (A/50/5/Add.4).

2/ Ibid., Supplement No. 5E (A/50/5/Add.5).

3/ A/50/704, annex.

4/ A/50/327, annex.

audit of the United Nations Transitional Authority in Cambodia 5/ and the report of the Advisory Committee on Administrative and Budgetary Questions, 6/

Noting the measures taken by the United Nations Institute for Training and Research to give appropriate consideration and attention to the recommendations in earlier audit reports, as commented upon by the Board of Auditors in the annex to its current report,

Noting with concern the comments of the Board of Auditors regarding measures taken by the Administration of the Office of the United Nations High Commissioner for Refugees on follow-up action to implement the recommendations of the Board contained in the annex to its current report,

Stressing the importance of efficient resource management in all United Nations organizations and programmes,

1. Recognizes that the Board of Auditors provides objective information, advice and assurance to the General Assembly by conducting its audits in a completely independent and comprehensive manner, as stipulated in regulations 12.5 and 12.6 of the Financial Regulations of the United Nations, and reiterates its appreciation to the Board for the action-oriented and concrete recommendations contained in its reports;

2. Accepts the financial reports and audited financial statements and the audit opinions and reports of the Board of Auditors regarding the aforementioned organizations and their operation;

3. Also accepts the concise summary of principal findings, conclusions and recommendations for remedial action of the Board of Auditors and the comments thereon contained in the report of the Advisory Committee on Administrative and Budgetary Questions;

4. Deplores the delays encountered in the implementation of the recommendations of the Board of Auditors approved by the General Assembly;

5. Urges the Secretary-General to hold programme managers accountable for the implementation of recommendations and to take appropriate measures in cases of non-compliance;

6. Stresses the importance of prompt compliance with the recommendations of the Board of Auditors approved by the General Assembly, and reiterates its request to the executive heads of United Nations organizations and programmes to submit to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, before the beginning of the formal discussions, reports on measures taken or to be taken in response to the recommendations of the Board, including timetables for their implementation;

5/ A/49/943, annex.

6/ A/50/560.

7. Requests the Board of Auditors to follow up and report at the earliest opportunity on shortcomings in the internal audit coverage of the organizations which it identified in its earlier report, 7/ with a view to determining whether its recommendations have been implemented and the situation rectified, following the establishment of the Office of Internal Oversight Services;

8. Recalls that, in its resolution 49/216 C of 23 December 1994, it requested the Secretary-General to submit a report, through the Advisory Committee on Administrative and Budgetary Questions, containing proposals for the improvement of the procurement activities of the Secretariat, and urges the Advisory Committee to submit its report to the General Assembly as soon as possible to enable it to consider the report and decide on further necessary action before the end of its fiftieth session;

9. Requests the Office of the United Nations High Commissioner for Refugees and all other entities for which the main source of income is voluntary contributions and which account for them on an accrual basis to provide annually, or upon request, more precise and transparent information on the cash situation of these entities in their reports to the General Assembly at its fifty-first and subsequent sessions;

10. Requests the Secretary-General to consider measures to ensure appropriate audit coverage of jointly financed administrative activities and to determine the most appropriate way to bring the financial, administrative and managerial information related to these activities to the attention of the General Assembly, and to report thereon to the Assembly during its resumed fiftieth session;

B

The General Assembly,

Recalling its resolution 48/216 A of 23 December 1993, especially paragraph 6 thereof, as well as paragraph 2 of its resolution 48/216 C of 23 December 1993,

Reaffirming that the rectification of deficiencies and irregularities identified by the Board of Auditors will enhance the effective exercise of the functions of the Office of the United Nations High Commissioner for Refugees in providing international protection to refugees and strengthen as well its crucial importance in seeking solutions to refugee problems,

1. Expresses serious concern about the findings in the current report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees, 8/ especially those concerning management

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7/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 5 and corrigendum (A/47/5).

8/ Ibid., Fiftieth Session, Supplement No. 5E (A/50/5/Add.5).

issues, such as the continuing problems of the lack of adequate managerial control over the programmes carried out by implementing partners;

2. Expresses particular concern about the persistent nature of various problems and the non-implementation of the previous recommendations of the Board of Auditors;

3. Requests the High Commissioner for Refugees to implement as a matter of urgency the recommendations of the Board of Auditors, taking into account the views expressed by the Member States and keeping the Board fully informed of the ongoing measures taken, and requests the Board to report thereon to the General Assembly at its fifty-first session;

4. Also requests the High Commissioner for Refugees to work out and put in place, as a matter of urgency, procedures enhancing the efficiency of implementation of the recommendations of the Board of Auditors;

5. Further requests the High Commissioner for Refugees to review with due diligence the content of the audit report, submitted to it before its issuance, in order to ensure the quality of the information issued for the use of the Member States;

6. Notes with appreciation that in the programme of work for 1996 recently adopted by the Executive Committee of the United Nations High Commissioner for Refugees for its Standing Committee, the follow-up by the High Commissioner to the observations and recommendations of the Board of Auditors will be addressed in a systematic manner, in particular regarding issues related to implementing partners;

7. Reiterates its request that the Secretary-General and the executive heads of the United Nations organizations, funds and programmes comply with the common accounting standards approved by the General Assembly and that they address the specific recommendations made by the Board of Auditors in this regard; 9/

8. Requests the High Commissioner for Refugees to amend the term "funds available" in statement II of the audited financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees and its annex, 10/ in order to correct the financial information disclosed and to reflect more accurately the financial resources available;

9/ A/49/214, annex.

10/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 5E (A/50/5/Add.5), chap. III, statement II and annex.

C

The General Assembly,

Recalling its resolutions 47/211 of 23 December 1992 and 48/216 B of 23 December 1993, as well as previous relevant resolutions,

Noting that the responses requested in the aforementioned resolutions have not been received,

Noting with concern the numerous weaknesses highlighted by the Board of Auditors in its report on the liquidation of the United Nations Transitional Authority in Cambodia, especially as far as inventories are concerned, 11/

Deeply concerned by the delays encountered in liquidating the United Nations Transitional Authority in Cambodia,

Bearing in mind that a number of peace-keeping operations are expected to be scaled down and liquidated during the next twelve months,

Noting the observations of the Board of Auditors in its report 12/ that there is at present no policy on the valuation and transfer of costs of assets between missions,

Noting also the absence of standard procedures for the transfer and acknowledgement of assets between missions and United Nations entities,

Noting further that the Board of Auditors has recommended the establishment of appropriate policies and procedures for the valuation, transfer and disposal of assets of missions for consistent application in peace-keeping operations,

1. Notes with regret that the Secretary-General has not yet completed the feasibility study on procedures for the valuation and transfer of costs of assets redeployed from a peace-keeping operation in liquidation to other operations or United Nations bodies, as requested by the General Assembly in its resolution 49/233 of 23 December 1994;

2. Requests the Secretary-General to proceed with all urgency to complete the aforementioned study and submit it to the General Assembly at the earliest opportunity during the first part of its resumed fiftieth session;

3. Takes note with concern of the findings of the Board of Auditors on the audit of the United Nations Transitional Authority in Cambodia and the need for an additional review as a consequence of the many unresolved administrative and financial issues involved and the incomplete nature of the liquidation documentation available to the Board;

11/ See A/49/943, annex.

12/ Ibid.

4. Requests the Secretary-General to study the most expeditious and cost-effective ways of liquidating peace-keeping operations, and to report thereon to the General Assembly at its resumed fiftieth session;

5. Also requests the Secretary-General to take immediate action to implement the recommendations of the Board of Auditors, keeping the Board fully informed regarding the measures being taken, and requests the Board of Auditors to report thereon to the General Assembly at its fifty-first session;

6. Regrets the absence of a report on measures taken or proposed by the Secretariat in response to the recommendations of the Board of Auditors for the year ended 31 December 1994; 13/

7. Requests the Secretary-General to submit such a report, through the Advisory Committee on Administrative and Budgetary Questions, before the beginning of its resumed fiftieth session, containing, inter alia, proposals for:

(a) Establishing an appropriate policy for the physical verification of all assets and liabilities of a mission in liquidation before its assets are disposed of and its liabilities changed;

(b) Standard procedures for the transfer of assets and the acknowledgement of assets transferred to other missions and other United Nations entities;

(c) Standard procedures for the valuation of all assets of the mission in liquidation and the establishment of an appropriate policy for the financial accounting of such transfers for consistent application in peace-keeping operations;

8. Appeals to Member States to pay their assessed and pledged contributions as soon as possible, in order to facilitate the completion of the liquidation process;

D

The General Assembly,

Recalling its resolutions 47/211 of 23 December 1992 and 48/216 B of 23 December 1993, as well as previous relevant resolutions,

1. Regrets the delay in the submission of a report on measures taken or proposed to be taken by the United Nations Institute for Training and Research in response to the recommendations of the Board of Auditors for the year ended 31 December 1994;

13/ See A/49/943, annex.

2. Requests the Institute to submit such reports in a timely manner in order to allow Member States to consider them properly before the beginning of the formal discussions during future sessions of the General Assembly.